THE CHARTERED BANKS AND THEIR ROLE IN CANADA-U.S. RELATIONS

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We put aside our notes for "The Key Issue at Dispute in Canada -US Relations, Part II" (Part I was published in January 1973 Bulletin Number 25) in the hope that a special contribution on the banks and their role could be out in time for the LSA/LSO Central Committee discussion. However, this was not possible. We present our comments on this aspect of the question here and will take up Part II next.

The banks play a key role in the economy of the capitalist nation state, particularly in the imperialist stage of capitalism, the stage of finance capital. **The Death Agony of Capitalism and the Tasks of the Fourth International** devotes a special section to this problem entitled "Expropriation of the Private Banks and Statization of the Credit System." It reads as follows:

"Imperialism means the domination of **finance capital.** Side by side with the trusts and syndicates, and very frequently rising above them, the **banks** concentrate in their hands the actual command over the economy. In their structure the banks express in a concentrated form the entire structure of modern capital; they combine tendencies of **monopoly** with tendencies of **anarchy.** They organize the miracles of technology, giant enterprises, mighty trusts; and they also organize higher prices, crises and unemployment. It is impossible to take a single serious step in the struggle against monopolistic despotism and capitalistic anarchy —which supplement one another in their work of destruction —if the commanding posts of banks are left in the hands of predatory capitalists." (Merit edition, p. 16)

In an article which we have previously quoted, Ernest Mandel, in defining such countries as Greece, Brazil, Ghana or Iran today, as semi-colonies, gives particular weight to who owns the banks. "Such semi-colonial nations only arise when in fact **the key industries and banks in the country are owned or controlled by foreign capitalists** and when **for that reason** the State itself fundamentally protects interests of the foreign imperialist class, as against those of the 'native' bourgeoisie."

The document **Canada and the Crisis of World Imperialism** , since is an unchallengeable fact that the key sectors of the Canadian economy are US capitalist-owned, gives particular emphasis and great weight to its claim that the banks in Canada are owned by private Canadian capital, and thus, together with the state, stand as a bulwark against US control of the Canadian economy. It gives a unique role to the financial institutions.

The banks as bulwarks against the US takeover

In section 13, the document **Canada and the Crisis of World Imperialism** singles out as proof of "the domination of key sectors of the economy by private Canadian capital - the chartered banks (over $50 billion in assets, well over the total value of all the assets of foreign-owned firms in Canada) protected from foreign competition by legislation; insurance and trust companies, steel (86% Canadian-owned) etc." Further on in the same section it states that "Canada has a powerful and homogeneous highly conscious bourgeois ruling class firmly in control of its own state power ruling in its own name." The proof of this statement is allegedly contained in John Porter's valuable study on class and power in Canada, **Vertical Mosaic**, synopsized in the preceding paragraph in the document.

There is a problem, however. Closer examination shows that the information culled from Porter's book really only notes the high degree of interlocking connections between directorships on the nine chartered banks, life insurance companies and the corporations —held by fewer than 1,000 men. It only points out the extreme narrowness of what Porter calls the "economic elite". Contrary to the claims of the authors of **Canada and the Crisis of World Imperialism** , here Porter in actual fact tells us nothing at all about the power of the Canadian capitalist class as a distinct power separate and apart from the power of the US capitalist class over Canada, or the relationship between the Canadian and the US capitalist class, not to speak of who has state power, who rules, whether in its own name or some other name.

Porter does write on this matter at some length in **Vertical Mosaic** —in a section entitled "An External Elite?" commencing on page 266, somehow overlooked by the authors of **Canada and the Crisis of World Imperialism** . This appears very early in Part II —"The Structure of Power." The extent of the power of the US capitalist class over Canada and the relative weakness of the Canadian capitalist class is so apparent that Porter found it necessary to explain his whole approach. "Rather than a Canadian elite, we should perhaps be searching for a foreign or international elite," he, concedes.

What Porter's *Vertical Mosaic* Says

"Before proceeding with an analysis of the economic elite," he commences, "it is necessary to say something about the one outstanding feature of Canadian economic structure —foreign ownership and control of a large number of Canadian corporations. Foreign 'control' implies that important decisions about the economic system are made outside the country." Porter excuses himself for the narrowness of his study with the comment that while it is "in some respects unrealistic to accept national boundaries... it is necessary to have some boundaries for the social system under investigation." And the boundary between the nation-state Canada and the nation-state United States of America, the whole 4,000 miles of it, is a fact, even if ever-less a reality."

While **Canada and the Crisis of World Imperialism** underpins its contention that private Canadian capital is "Firmly in control of its own state power, ruling in its own name," with Porter's **Vertical Mosaic** as authority, the fact is that Porter's conclusions are quite the opposite. Back in 1965 Porter saw a process of economic integration of Canada and the US taking place. "It may even be argued that economic integration is the forerunner of full cultural integration, and that when the latter stage is reached the sense of economic domination will disappear," he said.

Along with other observations Porter notes in this section that: "Unlike other politically independent debtor nations, Canada's reliance on foreign capital appears to be a permanent part of the structure. No other nation as highly industrialized as Canada has such a large proportion of its industry owned by non-residents. Nor does there appear to any historical similarity between Canada and the growth of other industrial systems. It is also significant from the point of view of power that such a large proportion of the foreign capital comes from one country, the United States. This 'satellitic' pattern of growth has continued in the post World War II period with an increasing proportion of foreign investment being direct investment in wholly-owned, or majority-owned subsidiaries, whereas in earlier periods the investment was in the form of funded debt. Thus direct investment of US corporations in equity capital would imply an extensive element of control."

Porter notes that "it is not surprising that by the end of the 1950s the subject of foreign ownership should have become a political issue" and after sardonically noting that nothing had come of persistent government expressions of concern, he observes that "To interfere with this flow (of US capital) would be a massive contradiction in values —to say nothing of biting the hand that feeds."

There is nothing at all in **Vertical Mosaic** that is useful to build up the **Canada and the Crisis of World Imperialism** thesis that there is a powerful independent Canadian capitalist class "in full control of the Canadian economy" which, facing the mounting imperialist rivalries and increasing difficulties in its relation with the US ruling class finds it necessary and possible to reorient the Canadian economy in a totally new direction —towards Japan, Germany, etc. etc.

In fact, Porter sees Canadian capital as having no national, no Canadian consciousness, but as undifferentiated capital. Corporations, he states in a mechanistic way "are governed by human beings who behave in accordance with a set of institutional norms —those of corporate capitalism. To argue that national sentiments and the national interest would supplant the historical and inexorable norms of capitalist enterprise is to reveal an ignorance of the capitalist economy."

As if already hearing the chatter from Ottawa and Queens Park *(the Ontario Legislature --ed.)* (in response to the widespread unease about the US takeover of the Canadian economy) about wider Canadian participation in the boards of directors of the US-owned corporations (generally dismissed as a charade of the business interests who are prepared to play the game if it will serve them any purpose) he states: "To say that corporate behaviour would be different in the sense of being oriented to Canadian interests is almost to accuse the many Canadians now in these positions of a lack of patriotism when they work for American corporations."

The process of integration

As Porter points out —Canadian capitalist participation on the boards of directors of foreign-owned companies has been high for several decades now, and not only because foreign capital finds it useful to establish knowledgeable connections in order to further its interests, to establish an acceptable Canadian face (of course there could between the US owners and their appointed Canadian directors be no serious conflict of interest). It has been an aspect of the longstanding trend toward US-Canada economic integration, long favored by important Canadian capitalist interests, and now established as Canadian state policy.

Porter, writing in 1965, refers to one study made of the boards of directors of 53 wholly foreign-owned subsidiaries — 199, or almost one half, of the 429 directors were residents of Canada. In 52 majority foreign-owned subsidiaries —284 of the 477 directors were resident in Canada.

Not only does Porter's study fail to support in any way the general concepts projected in **Canada and the Crisis of World Imperialism** , of a powerful independent Canadian capitalist class —in its entire 626 pages it provides nothing useful to **Canada and the Crisis of World Imperialism** 's contention that the chartered banks play a special role in bolstering up Canadian capital and its interests, as against the interests of powerful US corporate interests, wherever they may conflict.

The information that is culled from **Vertical Mosaic**, if we examine it a little closer, in fact actually denies any special attributes, or unique role to the chartered banks, insurance and trust companies in this respect. It notes the high degree of interlocking directorships held by fewer than 1,000 persons. It notes that many of those who sit on the hoard of directors of the "dominant corporations" hold, simultaneously, posts on the banks and the insurance companies.

It is an established fact that the dominant corporations are largely US-owned or controlled. It would seem clear to us, **if** the chartered banks and insurance and trust companies were so governed as to assure the domination of private Canadian capital over them as against the domination of US capital over other sectors of the economy, that there would be not more but less interlocking directorships —that there would have to be in Canada a distinct tendency towards a separation out of finance capital from every other form of capital —in particular industrial capital —to give finance capital some unique and special strategic role over all other forms of capital. But the information presented from **Vertical Mosaic** denies this. It locks finance capital, which **Canada and the Crisis of World Imperialism** claims **is** the powerhouse of private Canadian capital, firmly together with industrial capital which **Canada and the Crisis of World Imperialism** concedes is largely US-owned.

The banks as instruments of the takeover

The projection in **Canada and the Crisis of World Imperialism** that Canada's financial institutions have blocked or are serving to block the US takeover of the Canadian economy is not sustained by any of the research that we have been

able to conduct. No one to our knowledge, other than the authors of **Canada and the Crisis of World Imperialism** holds to this view. In fact every writer we have come across tends to sustain the view, if not actually level the accusation, that Canadian financial institutions, and in particular chartered banks, have played an important role in expediting the process of the US takeover of the key sectors of the Canadian economy. In view of the absence of any evidence in the document **Canada and the Crisis of World Imperialism** we find it difficult to understand the basis of what we can only call a schema that has been imposed on the discussion of Canada-US relations.

It is generally recognized that Canada is one of the few, if not the only developed capitalist country in the world that has imposed no significant restrictions on foreign capital investment in already established businesses, including their takeover, and in new areas of exploitation.

Why, we must ask, when US capital has moved in on such a massive scale in every other area of the Canadian economy, has it stopped short at the country's financial institutions? Has special legislation governing the trust and insurance companies, have the bank charters, blocked US capital off from this area? That is what **Canada and the Crisis of World Imperialism** in Section 13 claims —to the state-owned sector "must be added the domination of key sectors of the economy by private Canadian capital —chartered banks (over $50 billions in assets, well over the total value of all the assets of foreign-owned firms in Canada, protected from foreign competition by legislation...)" and earlier in section 11, in the paragraph commencing "Ottawa has frequently intervened to protect what it considered to be vital Canadian interests…"

We will not confine the argument to the generally correct plane that there are no laws or regulations that could block US capital from moving in on Canadian financial institutions if they felt it necessary —all the less when it has already taken over key sectors of the rest of the economy. We will present established facts.

These facts show that the chartered banks, "protected from foreign competition by legislation" and all, are in no way a bulwark of private Canadian capital, assuring "the domination of key sectors of the economy by private Canadian capital."

Among other things our study shows: that the banks have actually expedited the expansion of US investment in Canada and the process of Canada-US economic integration; that the board of directors of the banks with their control of the banks' accumulated assets reveal not only the fusion of Canadian industrial and finance capital but its integration with some of the most powerful sectors of US corporate wealth, both through representatives of US wholly-owned subsidiaries and US majority-owned Canadian corporations sitting on the boards, but also through representation on the board of directors of the central operations of these oligopolies in the US itself.

It is clear even from the limited study we were able to make of the boards of directors of the 8 Canadian chartered banks, that their composition gives valuable insight on the real scope of the integration of the Canadian economy with that of the United States.

But before taking this up in detail we should clear away a side argument. In this age of super monopolies such as General Motors (Canada) which employs more than 25,000 Canadians and is an extension of a US corporate entity that alone is about a third of the size of the entire Canadian economy, it could be claimed that such corporations need not go to outside institutions such as the banks for capital and accept it on the terms laid down by bankers —that they have more than sufficient capital of their own, generated out of the profits extracted from the labor of their US employees or employees in other parts of the world including their Canadian employees.

In fact some Canadian economists claim that US interests no longer need to sluice new capital into the Canadian economy to get the gold, but the process of US takeover now continues feverishly apace on the basis of the reinvestment of profits that have already been realized or are now being realized through the exploitation of Canadian labor —completely adequate for their requirements except for such super projects as James Bay and the MacKenzie —the latter requiring an estimated $6 billion in investment. In the year 1970-71 alone the value of US-owned business rose $l.24 billion with all but $226 million resulting from reinvestment by US subsidiaries in Canada.

This concept has been theorized. Some claim today, the age of the multinational corporation with its colossal assets both fixed and liquid, that the age of domination of finance capital over industrial capital is past. However, we need not get

into this matter at this time as interesting as it is, because, as we will show, the question is not that the banks dominate industry, or for that matter that industry dominates the banks. In Canada's case it is not possible to differentiate, as Porter in **Vertical Mosaic** suggests, between finance capital and industrial capital, the claims of **Canada and the Crisis of World Imperialism** notwithstanding.

The operation of Canadian banks

The eight Canadian banks (the 9th —Mercantile —is US-owned) chartered under the Bank Act, despite the air of mystery that surrounds them, have many of the features of other businesses. One of them is that they are private corporations owned by their shareho1ders.

Banking is a business. The banks seek deposits, for which they pay the least possible, in the form of interest. In an increasing number of cases they even charge for chequing and other services rendered. The funds accumulated by this means they loan out at the highest possible interest.

In 1971, on this basis, the banks accumulated $550 million in profit. It is projected that their profits will increase 14 per cent this year. Much is made of the fact that the 9 chartered banks have assets of over $50 billion. These assets however are, in their bulk, liabilities to their millions of depositors. That is why the Department of Industry statisticians note in their data on private long term investment abroad that "the foreign assets of insurance companies and banks, which are held mainly against their liabilities to non-residents, are excluded."

This vast accumulation of dollars, the liquid capital at their disposal, places the banks in a powerful position in the economy. The fact that there are only 9 heightens the position of each one of them. Their highly monopolistic position besides making them profitable, has also given them great stability. The Bankers Association boasts that there has not been a bank failure in Canada since 1923, although US banks fail at the rate of 25 a year.

This highly monopolistic position and stability of the Canadian banking system has led some to call it the "sturdiest banking system in the world." It has placed the Royal Bank of Canada 8th on the list of the 50 largest banking institutions in the world, leading some to characterize the Canadian bourgeoisie, who they think control the banks, as among the most powerful bourgeoisies in the world.

The sheer size of the combined assets of the banks causes the authors of **Canada and the Crisis of World Imperialism** to note that "it is well over the total value of all the assets of foreign-owned firms in Canada." It is not clear just what we are to conclude from this statement as it appears in the document. A possible implication is that US ownership of key sectors of the Canadian economy is not so vital in the matter of control in view of the vast assets of the Canadian banks, protected, we have been told, as instruments of private Canadian capital by the Bank Act. Some nationalists draw attention to these same figures, concluding that these assets could, and in fact should in some way be marshaled together in order to buy out US investments, to buy Canada back, to repatriate the economy.

Elsewhere the document **Canada and Crisis of World Imperialism**, referring to the fear of the national bourgeoisie to leave its state-fortress, plays down Canadian direct investment in the US in order to give added emphasis to "the holdings of Canadian monopolies in Canada itself," particularly, it emphases "the assets of Canada's banks."

What actually has been the role of the chartered banks in the US corporate takeover or economic integration of Canada with the US? No one, as far as we could ascertain in our research, holds to the view suggested by the document **Canada and the Crisis of World Imperialism** that the Canadian banks have acted during the US takeover of the key sectors of the economy so as to assure that the Canadian bourgeoisie's actual control over Canada is not jeopardized.

The bankers speak

According to the financial critic of the NDP parliamentary caucus, Max Saltzman, "the banks have been one of the chief contributors to the foreign-takeover of the Canadian economy." The reason Saltzman gives is disarming in its simplicity —"because they are more willing in many cases to give money to American-owned firms than they are to Canadians." NDPer Saltzman, in a routine way, proposes the nationalization of the banks, not on the grounds of developing a socialist Canada but because the 9 banks charters and all, do not serve the so-called national interests.

The "banking elite" are out to maximise profits. Here is what Earle McLaughlin, president and chairman of the Royal Bank says of himself and his cronies: "Unlike the investment dealers and underwriters," who according to him "perpetuate the influence of established wealth and the right of private schools," the bankers are more swinging; "the bankers function as an elite without elitist credentials or shibboleths." We take this to mean that the bankers without inhibitions are going where the action is. And the action, particularly over the past decade has been centered around the vast influx of US capital investment. "When we lend money to a subsidiary of a US or foreign-owned corporation," says R.M. MacIntosh of the Bank of Nova Scotia, in response to the opposition of Canadian nationalists, "I doubt whether it is appropriate for us to make a decision based on our judgment of what the public interest is."

This is the stated view of all the banking elite. Arnold Hart, chairman of the Bank of Montreal, faced with the question of whether his bank would make loans to build factories that will pollute the environment, replied "It is not the responsibility of the banks to sit on judgment on these matters." Neil McKinnon, chairman of the Imperial Bank of Commerce, has a quick reply to anyone who talks about national interests and whatever interpretation they give to it —"We decide who is worthy of credit and who is not. That is the basis of our decision. We cannot make political judgments."

Walter Gordon, the most articulate exponent of the bourgeois nationalists, agrees totally with the bankers: "Bankers can't be expected to have consciences, social or otherwise when it comes to making loans… It's perfectly understandable that the banks are lending to the safest risks. For one thing, making a large loan to an American-owned company costs a lot less in overhead than making 20 smaller loans to 20 Canadian companies." Gordon, deprived of his position as advisor of Canadian big business circles and as cabinet minister, blamed the government. "You can't expect the banks to do something when there is no clear-cut directive from 0ttawa." Gordon ended up moralizing that "Still I think it is wrong that the money, put up by individual Canadians in the form of their savings, should he used by American firms to buy out Canadian enterprises."

Conrad F. Harrington, chief executive officer of the Royal Trust (10% owned by the Bank of Montreal) affirmed both Saltzman's and Gordon's statements, but saw no way out. He suggested that it would not be "appropriate" for Ottawa to let the banks loan money to foreigners to finance the purchase of Canadian stocks. However, he said that proposals made by some nationalists that government agencies should screen foreign investments or impose other restrictions; that the state should intervene, "only serve to annoy and do not prevent the continued increase in foreign ownership."

Speaking in Montreal on the eve of the May labor upsurge Harrington linked his English Canadian nationalist opponents to Quebec nationalists whom he attacked as "disaffected civil servants, teachers and labor union officials" to whom it makes no difference "if they drive jobs and capital out of this province (Quebec) into other provinces ." "Canada's place," he said, "in the trading community is such that we cannot resist the tide of change and build ourselves a nationalistic ghetto without losing that place and paying a heavy economic and social price."

Appearing before the House of Commons Finance Committee last summer, F. H. McNeil, executive vice-president of the Bank of Montreal and Jean Machabee, assistant general manager of the Banque Provinciale responded to a plea from a Libera1 M.P. that they refuse once and for all nationalist claims that many foreign takeovers are financed by the Canadian banks, by saying that the banks do "not finance the acquisition of Canadian companies by foreigners to any substantial amount." They suggested that the best way to correct the widespread misunderstanding would be for the banks to buy up all the newspapers in Canada under the provision of the Bank Act that permits them to invest in up to 50% or $5 million in the voting stock of non-banking firms. By that method, we conclude, the bankers hope to suppress the simple facts of the matter.

Our investigations have shown that the Bank Act hasn't in anyway served to block the US takeover. If the Act ever did serve to protect the Canadian banks from foreign competition it is not now protecting them from US competition, the restrictions against the US-owned Mercantile Bank notwithstanding.

Near-banks threaten chartered banks

Last summer, Minister of State P. Mahoney, while defending the formal restrictions against foreign banks imposed on Mercantile banks nonetheless noted that the eight Canadian chartered banks are becoming less important among financial institutions, as insurance companies, credit unions and other near-banks gain increasing prominence in capital markets.

It is not at all that the 8 chartered Canadian banks have resisted the US corporate takeover, but that US interests have other useful and handy means at their disposal. The recent period has seen a tremendous growth in the so-called near-banks so that they are now about one half as large in assets as all the chartered banks. In the 1954-64 period the assets of the trust companies, mortgage and loan companies, credit unions and caisses populaires *(Quebec credit unions -ed.)* increased 26% per year, whereas the chartered banks increased only 8%. In the 1964-68 period the annual increase for the near-banks was 16% for the chartered banks 14%.

J. Leonard Walker, president of the Bank of Montreal, in an address in October 1971 to the Sault Ste Marie Chamber of Commerce pointed out that the restrictions on US capital entering into the banking system have in effect boomeranged against the Canadian banking monopolists. Other previsions of the Bank Act restrict the Canadian 8 from getting into the trust business and leasing, while foreign banks do engage in these activities through subsidiary operations. It would seem apparent that the meteoric rise in influence of the near-banks is directly related to the US takeover.

The Bank Act as protective legislation

The situation is such that the banks themselves want revisions in the Bank Act that would permit US banking interests to enter the banking system if they so wish. Walker told some 200 businessmen in June 1972 that US and other foreign banks should be allowed to enter the Canadian banking system. US firms in moving in have tended to by-pass the chartered banks —through non-banking institutions. The Act, he noted "puts Canadian banks at a disadvantage in our own market with respect to banking institutions from other countries who can engage in such activities through association with other non-bank institutions." He expressed fears that other countries might retaliate by stiffening rules against Canadian bank operations within their jurisdiction. He told the executives that his hank opposed the Bank Act review of five years ago that restricted foreign capital's participation in Canadian chartered banks. He blamed the restrictions on the Canadian bourgeois nationalist Walter Gordon, and assured his audience that the Bank of Montreal was going to seek the lifting of these restrictions against US capitalism next review, in five years time.

Earle McLaughlin of the Royal Bank has also urged that restrictions against foreign banks preventing them from setting up agencies in Canada be lifted. The Bank Act only permits representative offices. As the official spokesman for the most powerful bank in the country, he protested that we in Canada have missed many opportunities to be a financial center because we are so foolishly restrictive. Canada, he claimed, with due modesty as to its present relation to the United States of America, could have been a Switzerland of the Americas at least.

The banks repudiate any and every concept of national interest that would stand counter to what they see as their interest —the maximization of profit. As we have noted before —the governments of Canada are perhaps the only governments of a highly advanced capitalist society that have imposed no restrictions whatsoever on foreign investment or plant takeovers. And we must record, all the claims of **Canada and the Crisis of World Imperialism** notwithstanding, that the Bank Act has in no effective way served to block the US takeover or to block the banks themselves from being what is an unchallengeable fact, a chief contributor to the US takeover. The reason is of course that the Canadian bourgeoisie are in no way at all adverse to the US takeover and the integration of the Canadian economy with that of the US. Whatever hesitation they might have had had, has now long since been overcome and as a class, not without contradictions of course, have clearly opted for integration —they can do no else.

Neither the Bank Act nor any other legislation has proven adequate to the task that the document **Canada and the Crisis of World Imperialism** ascribes to it —the defence of the distinctive interests of a Canadian nationalist capitalist class, the interests of private Canadian capital, against the incursions of a foreign capital (US) that would endanger the former's control of the economy and the state.

While the heads of the chartered banks are for changes in the Bank Act, their suggested changes are quite the opposite of strengthening the Act in this direction. They seek to ease off whatever restrictions there are —restrictions that have risked, during the massive escalation of US investment in Canada, to some degree, their being by-passed (1) by the ability and the preparedness of many of the US corporations to employ their own accumulated capital quite independently of Canadian financial institutions, and (2) insofar as the Canadian chartered banks failed to meet their need to find liquid capital within Canada itself —their ability to obtain it from other sources which they have

constructed or that have risen to the opportunity —the so-called near-banks. While they intend to revise it there has been no great outcry from the heads of the chartered banks for revisions in the Bank Act for the simple reason, as we shall see, they have had no real difficulty moving within it or around its edges to achieve their purpose —to maximize profits, which in this case means to get in on, to participate in the US takeover.

There is no restriction to launching a bank —any more than there is in launching an aluminum smelter or a computer manufacturing business. Free enterprise prevails. But in recognition of the strategic role that banking institutions play in a capitalist economy, the Canadian bourgeoisie have attributed authority to another myth —the supremacy of parliament as the expression of the popular will.

A charter to launch a bank has to be granted by an Act of Parliament. Several charters have been granted over and above those held by the Big Nine. Some years ago a Bank of Western Canada was incorporated —but it wound up its affairs. In 1968 the Bank of British Columbia was chartered, and a so-called ethnic bank is now in the process of seeking a charter.

The Morgan interests and a charter

The First National City Bank of New York (Citibank), the third largest banking organization in the world, controlled by the Morgan interests, bought up the largely dormant Dutch-owned Mercantile Bank. With this small merchant bank went a charter. The Morgan interests' purchase of Mercantile took place some five or six years ago as opposition to the US takeover was commencing to develop on a popular scale, and such bourgeois nationalist ideologues as Walter Gordon had influential positions in the Liberal party government. After much sound and fury First National was allowed to retain the charter, but certain restrictions were imposed to pacify the opposition. It has no branch system and cannot borrow money from depositors. It loans money to corporations that it in turn borrows from the money market. It must "Canadianize." It must sell at least 75% of its shares to the Canadian public by the end of 1980. It has already sold approximately 50%. In the next couple of years it will sell up to 75% —by giving existing shareholders (it is not known who they are) the right to subscribe for additional shares. When Citibank's interest in Mercantile is reduced to 25%; the last limitation of $800 million in assets will be removed and all restrictions lifted. It should be noted that the government, by allowing Citibank to retain 25% of Mercantile's stock made a concession that broke the Bank Act provision barring any foreign group or investor from holding more than 10% of the stock of a chartered bank.

The chartered banks are forbidden by law to deal in goods, wares or merchandise, or engage in any trade or business. However, as J.A. Galbraith notes in **Canadian Banking** this restriction is interpreted by the banks, and they are not challenged in this respect, to mean that they should not have controlling interest in any other Canadian corporation. After July 1971 a bank director cannot also be a director of a Canadian company; one-fifth or more of whose board of directors are already directors of the bank.

Since the 1950s, when US investment commenced to rise in Canada, according to Galbraith the chartered banks have formed affiliate or associate relations with trust companies, corporations in home financing, mortgage and mutual fund companies. The act prohibits a bank from holding more than 10% of the issued voting stock of any Canadian corporation. After 1969 no bank director could be a trust company director, nor could he or she be a director of a company owning more than 10 percent of the voting shares in any deposit-collecting Canadian trust or loan company.

Mitchell Sharp, then finance minister, defended the prohibition of persons from serving as bank directors if they hold directorships in trust or loan companies, according to the **Globe and Mail** of March 23, 1967, with the comment: "It is important to convince the public that the banks are operating independently of other financial institutions." The reporter noted, when asked as to its possible repercussions by the Senate banking committee, that Sharp smiled —and said he understood that there would be considerable disruption.

As we noted earlier; on the basis of data in **Vertical Mosaic**, US-owned corporations in Canada, both wholly-owned or majority US-owned, have long followed a policy of having representatives of Canadian capitalist interests sit on their boards of directors. It series to overcome nationalist resentment —it gives the US corporation a "Canadian presence,"

besides providing useful business connections. Porter noted a study of boards of wholly foreign-owned subsidiaries which revealed almost half of the directors were resident in Canada, and of boards of majority-owned foreign subsidiaries, where a sizeable majority of directors were resident in Canada, either Canadian-born or Americans, many of whom take out Canadian citizenship.

With Canadian trade, both export and import, so heavily oriented to and integrated into the US market, and US investors finding Canada such a profitable area for investment, we can be sure that wholly Canadian-owned corporations, and Canadian-owned corporations with substantial US investment in them, have long followed a policy of establishing a continuing and intimate relationship with US capitalist interests —by many devices, including US corporate representation on **their** boards of directors. By such means they protected their market, obtained business know-how, and ready access to capital, etc.

The role of bank directors

Membership on the board of directors of many businesses, particularly US subsidiaries in Canada, is largely advisory, even in many cases honorary, designed often to provide an appearance of stability and propriety, often in the case of foreign-owned subsidiaries a Canadian face or presence. As the state has played an increasing role in the economy, directors have often been political figures.

But when we come to the board of directors of the banks, we are faced with a somewhat different situation. The banks, despite the considerable sums of liquid capital at the control of some of the corporate giants, continue to play a special role in the economy. They have in their control an even more vast accumulation of liquid capital and a network of connections into every level of business and government. They are private corporations and are owned by their shareholders, who find it profitable to own the shares. But it can be much more profitable to direct the flow of capital that the banks have at their disposal. The members of the board of directors determine that flow.

Under the provisions of the Bank Act a director must own or represent 2,500 shares, although as we would anticipate, there are exceptions which a majority of the directors might find useful at some time —one quarter of the directors one permitted to have minimum shareholdings of one half of this amount. There is no data available as to who actually holds chartered bank shares or how many they hold. According to the Canadian Bankers Association there are 171,875 shareholders but it appears to us that this is not the number of share holders but actually the number of shares that have been issued. According to J.A. Galbraith in **Canadian Banking** 90% of the chartered bank shares are held in Canada.

In 1964 a restriction was established —but not made retroactive —that would limit non-resident ownership to 25% of a specific bank's shares, and the ownership by any non-resident shareholder to 10%. Three quarters of the directors must be Canadian citizens ordinarily resident in Canada. The non-retroactivity of the restriction is interesting. And whether a 25% limitation constitutes an effective limitation is highly questionable in the light of the many devices open to controlling by indirect methods.

The directors of the banks are determined by those persons or corporations that hold the required number of shares, with the board having the power to co-opt. We were unable to find data that would provide useful information as to ownership or concentration of ownership of bank shares. But according to Peter Newman of **MacLeans** (Magazine), March 1972 a directorship would require shares of an approximate value of $50,000. The New York investment house, Calvin Bullock, held 27,000 shares of the Bank of Montreal and 32,000 shares of Royal Bank worth considerably more than $3 million… according to L.C. and F.W. Park's **Anatomy of Big Business,** 1962.

While highly monopolistic the banks are in competition with each other —not on rates, the price of money —on this they stick together except when it comes to special deals —but in the struggle for the big accounts and to retain old and to establish new corporate connections, done to a very marked degree through the directors of their boards Some corporations have representation on more than one bank's board of directors. According to Peter Newman "most bank boards or their executive or regional committees get together at least once a week. The chairman of the nine banks as a group meet once a month with the governor of the state-controlled Bank of Canada. The boards of directors review all loan requests for more than a million dollars individually. The banks will not disclose what proportion of their credit is extended to their own directors, but the Royal Commission on Banking and Finance reported in 1962 that about 30% of all authorized credit lines of $100,000 or more were "to directors, their firms, or to corporations of which they were officers or directors."

Banks in competition

Unlike directorships in other corporate bodies which in most cases are quite stable, bank directorships have been subject to considerable change, particularly over the past decade. This of course is not a reflection of any instability of capitalist rule of Canada but is due both to the requirements of the banks from the point of view of (1) retaining and developing vital connections with the most dynamic forces within capitalist circles, by all accounts US interests, and (2) the jockeying for positions that is taking place within the various strata of the capitalist class.

Perhaps the sharpest area of competition between the banks is the struggle for accounts, for connections with those sections of the capitalist class which are initiating new developments and plants. Any flood of new capital such as Canada has been the recipient of in the last two decades from the US, offers a big challenge and opportunity to the banking monopolists of Canada both as banking institutions and as established organizations composed of already entrenched capitalist interests, which must expand or die.

As institutions the banks have services to supply to the foreign investor. The investor comes with capital which they can hope to direct on his and/or their own behalf, and seeks capital which they can hope to supply. The capitalists already entrenched on the boards of directors can anticipate linking up their interests with the new capital, in a collaborative junior or senior relationship.

The chartered banks have long had close operational relations with the various insurance companies, trusts, mutual funds, mortgage companies, etc., both with those that are Canadian-owned and with the US giants doing business in Canada such as Metropolitan Life Insurance Company, the largest in the world and Rockefeller-controlled, and the Morgan-owned Prudential. The largest, Sun Life, is closely associated with the Royal Bank and Bank of Montreal; Manufacturers Life with Toronto Dominion, Canada Life with Bank of Nova Scotia and Imperial Bank of Commerce.

The trust companies have under their administration billions of dollars of assets belonging to their clients, including shares of the big Canadian corporations. Royal Trust, closely tied to the Bank of Montreal, in addition to its own assets of almost $2 billion which puts it 9th on the list of Canada's leading financial institutions, also administers estates, trusts, and agency accounts of $9.3 billion. Through their connections with these trust companies the banks control these stock holdings.

The biggest mutual fund organization in Canada, Investors Group Canadian Fund Limited, manages 6 mutual funds with combined assets of over $1 billion. Controlled by US-owned Investors Diversified Services Incorporated of Minneapolis, it was presented as a "partial answer to fears of US domination of the Canadian economy" (**New York Times**, Feb. 16, l958). Investors Group claims that it "will not invest in companies in order to exercise control." This group, which encompasses Investors Growth Fund with assets of $425.7 million has ties with the Canadian Imperial Bank of Commerce.

Anatomy of Big Business (1962) provides some valuable information as to the holdings of these mutual fund organizations in the various sectors of the Canadian economy and the extent to which a handful of large investment trust shareholders are in a position to influence the policies of the group in control. It provides a chart of the holdings of two members of the Investors group (Investors Group and Investors Mutual) at the end of 1958 when their combined assets were $78.9 million. Today Investors Group has assets of slightly over $1 billion. They owned blocks of shares in three of the big banks, in Algoma Steel, Stelco, Dominion Foundries, in mining and metal companies, including International Nickel and Noranda. Their holdings in companies controlled by the Argus Corporation alone were $20 million at a time when Argus' holdings in the same companies were valued at $98.8 million.

The life insurance companies pull in, in the form of premiums, millions of dollars to be invested in shares, bonds, mortgages, by their directors. Sun Life's holdings in such US-owned giants as Imperial Oil, Bell Telephone, Alcan, International Nickel, aside from being good investments for the company, tend to integrate Canadian and US corporate interests, supplement the control of the US owners, and enable them to extend their influence over wide sectors of the Canadian economy. The funds of the insurance companies are easily directed to investment in corporations which, through interlocking directorates, put these shares at the disposal of the banks and their corporate connections.

According to **Anatomy of Big Business** no less than nine Canadian general insurance companies were taken over by foreign (US and U.K.) companies in the first nine months of 1961. Barred entry as banks by the Bank Act, such US banks as Bank of America have established connections through Laurentide Financial Corporation, Conill corporation, parent company of Continental Illinois National Bank and Trust Company of Chicago, through the largest Canadian trust company, Royal Trust.

The Canadian chartered banks' extension of their operations onto the international arena has tended to further mesh them with the giant US corporate interests. Six of the eight banks have agencies and most have subsidiary trust companies in New York where according to (Peter) Newman *(cited above)* they account for about a third of the call loans issued to Wall Street stockbrokers. The Royal Bank is now connected with Chase Manhattan (the second largest US bank), along with the National Westminster (the second largest British bank), and West Deutsche Landesbank Grozcentrale (Germany's largest), through Orion Multinational Services Limited, formed in 1970.

These new challenges before Canada's financial institutions, far from strengthening them as institutions designed to extend and defend the particular, the national interests of private Canadian capital against the encroachments of US capital, have made them instruments of the US takeover, "one of the chief contributors to the foreign takeover of the Canadian economy", as NDP MP financial critic Max Saltzman states.

According to A.G.S. Griffin, "almost the sole purpose of appointing directors to banks is because of the business they bring and retain." Griffin is head of Triach Corporation, a Toronto-based international investment house formed by the US banking house Kuhn Loeb and Company, and the British bankers S.G. Warburg and Company, which handles projects from $500,000 and up.

Bank board rooms and the takeover

Today in the board rooms of the Canadian chartered banks we do not find an assembly of Canadian business and financial tycoons banded together with the intent of furthering the particular interests of Canadian private capita1 as against US corporate power insofar as it may be threatened by the US. Nor do we find a group of Canadian tycoons who are slipping into the grasp of US interests and having to be kept in line, forced to respond to the interests of private Canadian capital by the Canadian state. Nor are the board meetings an arena of conflict between private Canadian capital and US capital interests carrying on guerrilla actions or confrontation. Of all the spokesmen of Canadian big business interests, it is the bankers who are the most openly and vigorously opposed to Canadian nationalism and are continentalist in outlook.

Even a surface examination of the personnel of the boards of directors of the chartered banks and the interests they represent bears witness to the integration (anarchistic, not without conflicts to be sure) of the economy of Canada with that of the United States. The fact that US corporate power outweighs on a colossal scale Canadian corporate power, is not the only reason for this process taking place on the whole with little resistance on the part of the latter.

Canadian corporate power has something to bargain with, vast natural resources becoming increasingly essential to the maintenance and growth of the US economy, a highly skilled and efficient work force, a sizeable and very accessible market concentrated particu1arly in the Great Lakes system, among other things. The price is right today, together, they bring benefit to one another —not equally to be sure, but the process is not disagreeb1e to the lesser, the junior partner. For it too profits, advances through the stepped up looting of the country's natura1 resources, and the exploitation of its work force.

Capitalism in Canada —Canadian capitalism —since it broke from a colonialized character with the advent of the of the American civil war and the opening of a US market, with the expansion due to World War I and the development of a Canadian market, with the stimulation of World War II, thanks to the monopolization of the banking and financial institutions developed with a strong interlocking relationship between banking and industrial capital. Key representatives of Canadian industry have long played a dominant role in the Canadian financial institutions, particularly the chartered banks.

The fact that capitalism only really developed in Canada on a strong basis with World War I, which saw at the same time the fall of Britain and the rise of the United States, and the reversal in the weight of their respective economic

interests in Canada, led to a strong interlocking of Canadian and US capitalist interests. Thus the process of the US takeover, while it has accelerated since World War II and escalated in the last several years such as to have changed qualitatively, and we can now say that the Canadian economy is integrated with that of the US, did not bring with it any serious inter-capitalist conflict. All the more that the political parties of the Canadian bourgeoisie have aided in the whole process as a conscious political policy.

The composition of three major bank boards of directors

How has this process been revealed in Canada's banking institutions, despite their highly secretive and conspiratorial character? Perhaps the most readily accessible information is to be gleaned through an examination of the board of directors of the banks themselves. The past ten years which has seen the most rapid change, a qualitative one in our opinion, has brought with it a considerable change in the composition of the boards of directors of the banks.

In the following pages we have presented an examination of the members of the board of directors of three of the Big Five Canadian chartered banks. We first note the change in the personnel of the boards between 1960 and 1971. Perhaps one of the most notable changes is, whereas the directors used to be in large part heads of investment houses and often heads of legal firms representing various corporate interests, today the active heads of the largest corporations participate in person on the board of directors.

We have first separated out those directors who are chief officers of wholly US-owned Canadian subsidiaries of well known and powerful US corporations. It should be noted that some of them are also chief officers or on the board of directors of the parent company itself in the United 5tates, and /or its subsidiaries in other countries. Among these we have noted A.F. Mayne, a director of the Royal Bank, president of Kennecott (Canada) and director of Kennecott Copper Corporation (N.Y.), Braden Copper Co. (Chile); and W. B. McLaughlin, chairman and president of the Royal and on the Detroit Board of Directors of General Motors.

We have then noted directors whose chief function is that of a leading officer of the respective bank but who, in the directorates and offices he holds, combines representation on the home office board of some of the biggest US corporations, with directorships on wholly US-owned Canadian subsidiaries, majority US-owned Canadian corporations and directorates on Canadian corporate giants.

The Royal Bank

Of today's 43 directors of the Royal Bank of Canada only 9 were on the board in 1960 —4 are not listed in the Directory of Directors presumably, because they are not resident in Canada.

Among the Royal Bank directors are leading representatives of the most powerful US corporations: W. 0. Twaits, who is chairman arid chief executive officer of Imperial Oil (Standard Oil). E. H. Blackwell, president and chief executive officer of Dupont (Canada). G. H. Blumerauer, chairman and president of Otis Elevator Co. Ltd., director of Alpen-Otis Elevator, Hudson Bay Oil & Gas, Mutual Life. A. F. Mayne, president of Kennecott (Canada). Ltd. and director of Kennecott Copper Corporation (N.Y) , Braden Copper Go., (Chile) and Phillips Petroleum Co, (Oklahoma). C. I. Rathgeb, president of Canadian International Comstock Co. Ltd., and president of Comstock International, Inc (NY.).

W. E. McLaughlin as chairman and president of the Royal Bank, combines in his person a battery of directorships that interlock some of the biggest US-owned corporations such as Standard Brands, Metropolitan Life (Rockefeller-owned) and General Motors Corporation (Detroit), with Canadian corporate interests.

E. C. McDonald, as vice-president of Royal Bank is director, among others of General Bakeries Ltd., Diners Club (N.Y.), Thomson newspapers Inc. (N.Y.), Crush International Ltd., Founders Mutual (Denver), Bartell Media Corp. (NY), Union America Realty Trust (Los Angeles), Intertel (Washington), Franklin Custodian Funds (N.Y.), Automatic Retailers of America Inc. (Pa.), Frontier Airlines (Col.), Science Systems and Software (Calif.), Lord Hardwick Ltd. (N.Y.), Maxwell Laboratories (Calif.) and Western World Insurance (N.J.).

These select seven sit cheek by jowl with others who hold directorates in such US-owned corporate giants as Texaco, Canadian International Paper, Canadian General Electric, Prudential Insurance (Morgan interests), Hudson Bay Oil and Gas, Mutual Life, Canadian Pacific Limited (whose president and chief executive officer I. D. Sinclair is on the board), Simpson Sears —G. A. Burton, chairman and chief executive officer of Simpsons and a director of Simpson Sears is on the board.

When the board of directors is in session it assembles leading representatives of such giants as Argus Corporation (chairman E. P. Taylor is on the board), Northern Electric, Dominion Bridge, Cominco, Asbestos Corporation (its vice-chairman A. L. Penhale), Power Corporation, Algoma Steel (its chairman and president D. S. Holbrock), Wabasso, Colgate-Palmolive, Trans-Canada Pipelines, Domtar (T. N. Beaupre, its chairman and president), Dominion Textile, Massey-Fergusson, Campeau Investments, Steel Company of Canada, Orion, Hinde and Dauch, Abitibi Paper (T. J. Bell, its president and chief officer), MacMillan Bloedel, Melchers Distilleries (its chairman Hon. Paul Desrusseaux), Canada Wire and Cable (its chairman L. G. Lumbers), Canada Steamship Lines (its chairman T. R. McLagan), Canadair (its vice president and a director of Prudential Insurance, F. L. Duquet).

The Toronto Dominion Bank

Of today's 38 directors of the Toronto Dominion Bank only 9 were on the board in l960. Among the Toronto Dominion directors are leading representatives of the most powerful US corporations or their wholly-owned subsidiaries in Canada: John P. Brent, who is chairman and chief executive officer of IBM (Canada) William J. Cheeseman, president and chief executive officer of Westinghouse (Canada). A.J. de Grandpre, executive vice president of Bell (Canada) and a director of Du Pont (Canada) and Northern Electric. John S. Dewar, president of Union Carbide (Canada). Albert P. Gagnebin, president and member of the executive committee of International Nickel Co. of Canada and director of Illinois Central Industries, Ingersoll-Rand Co. and trustee of Atlantic Mutual Insurance and the Bank of New York. Herbert H. Lank, director of Du Pont (Canada) and a director of Northern Electric Co., Bell (Canada) and Sun Life, Clarence D. Shepard, chairman of Gulf Oil and director of Carborundum Co. George Williams, president and general manager of Proctor and Gamble of Canada, director of Manufacturers Life Insurance and Victory Soya Mills Ltd. I. H. Peck, chairman of Canadian International Paper.

As chairman and president of Toronto Dominion, A.T. Lambert holds directorates in some of the biggest US-owned corporations such as Westinghouse (Canada), Hudson Bay Mining and Smelting, IBM (Canada), International Nickel Co., Union Carbide (Canada), Union Carbide Corporation, along with directorships in many Canadian corporate giants.

These select 10 sit cheek by jowl with others who hold directorates in such US-owned corporate giants as Metro-Goldwyn-Mayer, Goodyear Tire, Hilton, Hudson Bay Oil and Gas, Scott Paper, Gulf Oil, and Minnesota Mining and Manufacturing.

When the board is in session they meet with leading representatives of such giants as Eaton's (vice-president Witherspoon is on the board), Steel Company of Canada (chairman and chief executive officer Griffith on the board), chairman Hunter of MacLean Hunter, executive vice-president Kolber of Cemp Investments, President McCarthy of Consumers Gas, President Nielsen of Mobil Oil (Canada), Chairman Sobey of Sobey Stores Limited, and representatives of Disti1lers Corporation, Seagram's, Brascan, Rio Algom Mines, Steep Rock Iron Mines, Dominion Steel and Coal, Dominion Textile, Molson's, Rolland Paper, Steinberg's, Hiram Walker, Canadian Gypsum, Cominco, Dominion Bridge, etc.

The Canadian Imperial Bank of Commerce

Since the Canadian Imperial Bank of Commerce is the result of an amalgamation of the two banking giants, The Canadian Bank of Commerce and The Imperial Bank of Canada, we could not supply figures as to the change in composition of the directors between 1960 and today. Of the 59 directors there was no information on 6.

Among the Canadian Imperial Bank directors are leading representatives of the most powerful US corporations —their wholly-owned subsidiaries in Canada; Karl E. Scott, chairman and chief executive officer of Ford (Canada, R.C. Rogers, who is president and chief executive officer of Crown Zellerbach Canada) Ltd. and director of Gulf Oil and Hilton (Canada) Ltd.,Robert Scrivener, president of Bell (Canada) and a director of Northern Electric, Power Corporation,

Sidbec and Dosco, J. Herbert Smith, who is chairman and chief executive of Canadian General Electric, Chairman of Dominion Engineering Works and director of Rio Algom, Sun Life Assurance. M. A. Cooper, president and managing director of Falconbridge Nickel Mine, T.M. Mayberry of Firestone Tire and Rubber.

As chairman of the Canadian Imperial Bank of Commerce N. J. McKinnon holds directorates in some of the biggest US-owned corporations such as Ford Motor Company of Canada, Trans-Canada Pipelines (Murchison interests of Texas), Campbell Soup, Honeywell, International Nickel, Falconbridge Nickel Mines, along with directorships in many Canadian corporate giants.

These select seven sit cheek by jowl with others who hold directorates in such US-owned corporate giants as Texaco (Canada) Ltd., American Airlines, Simpsons-Sears (whose chairman and chief executive officer J. C. Barrow, a director of Allstate Insurance and McGraw Edison of Canada, is on the board); International Nickel Co. of Canada, Hollinger North Shore (whose president Albert Fairley, Jr., director of Iron Ore Company, linked to the US giants Hanna Mining and Chrysler Corporation, sits on the board); F. W. Woolworth Co Ltd., Avco Corporation (USA.), B. C. Forest Products, Canadian Pacific Ltd., and Trans-Canada Pipelines (whose chief executive officer J. W. Kerr is on the board).

When the board of directors is in session it seats leading representatives of such giants as Canada Packers (president W. F. McLean is on the board), MacMillan Bloedel Ltd (its chairman and chief executive Hon. J. V. Clyne is on the board), James Richardson and Sons Ltd. (its president also a governor of the Hudson Bay Company and a director of International Nickel is on the board), Noranda Mines (whose president and chief executive A. Powis also chairman of B.C. Forest Products, is on the hoard), Massey-Ferguson Lt d. (whose president and chief executive A.A. Thornborough is on the board), Hollinger Mines (whose chairman A. A. McMartin is on the board), Noranda Mines, Canada Wire and Cable, Dominion Foundaries, Slater Steel, Domtar, Abitibi Paper, Canada Cement, Steel Co. of Canada, St. Lawrence Corporation, John Inglis, Dosco, Power Corporation, Rio Algom, Imperial Optical (its president Sydney Hermant is on the board), Hinde and Dauch, Canadair, etc.

Our research on the Bank of Montreal and the Bank of Nova Scotia only affirm the significance of the information on the three banks we have outlined. Bank of Montreal directors are strong in International Telephone and Telegraph, Kaiser Resources, International Nickel, Canadian Pacific Limited, J. P. Morgan Incorporated, etc. Among Bank of Nova Scotia directors are J. McAfee, president and chief executive officer of Gulf Oil (Canada), W. H. Browne, chairman of Moore Corporation Ltd. and Moore Business Forms.

We have no cause to challenge the special significance that **Canada and the Crisis of World Imperialism** gives to Canada's financial institutions, in particular to the chartered banks with their monopolistic position and their vast accumulation of liquid assets, as a key sector of the economy. But it is quite another matter to claim that, unlike manufacturing, mining, etc., which have been taken over by US corporations, the Canadian bourgeoisie has ensured that it is really in control of the banks, that the banks actually are dominated by private Canadian capital.

As far as those who administer Canada's financial institutions are concerned whether to drive ahead "towards full continental economic integration" or through a "strong and authoritative Canadian state... to promote the health of Canada's economy and of Canadian monopolies vis-à-vis their US and other foreign competitors" —that "hard choice" posed by **Canada and the Crisis of World Imperialism** has been made. That contradiction that **Canada and the Crisis of World Imperialism** says "Canadian capitalism cannot resolve," has been resolved.

Canada's financial institutions have gone the way of all flesh. They too have fallen prey to the ravenous appetite of US capitalism. True, they have not been formally taken over, like a multitude of private Canadian corporations. And they are not actually, legally, subsidiaries of US banks, mortgage or trust companies. The Bank Act formally blocks that. We are not able to report to what extent they are owned, either directly or indirectly, by US interests. This information is hidden. But no matter. In the case of the banks, actual ownership of them, as institutions, is not essential. American corporate power controls them.

The Canadian banks have served their function in the economy by being dynamic participants in the essential processes at work. They have made their assets and services available. They have aided and abetted the US takeover of the Canadian economy. They have served what might be said to be the collective, though diverse, interests of US corporate power, in their absorption of the Canadian economy.

The economy of Canada has become integrated with that of the US. The board of directors of the chartered banks number 261 and with their 3,152 directorships of corporations represent $58l.1 billion dollars in assets. Their collective portrait, as we have sketched it out, is proof that this is a fact.
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